

Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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Dry Stack Boat Storage

Purpose

This excise tax advisory explains the business and occupation (B&O) tax responsibilities of businesses that offer land based boat storage in the form of stacking berths (“dry stack storage”).

Differences between dry stack storage and traditional moorage

Traditional moorage is a marina slip on the water for which boat owners have a right of access for removing, replacing, and tying up their boats.

- This type of moorage is presumed exempt from the B&O tax as a rental of real estate if there is an assigned slip and the rental period is thirty or more days. WAC 458-20-118(2).

Dry stack storage is land-based storage in the form of stacking berths. Typically,

- Boat owners are assigned specific berths in stacking facilities, which may be in enclosed buildings or open stacks.
 - Boat owners enter into agreements for terms longer than 30 days.
 - Boats are accessed by marina staff that remove the boats from their berths and place them in the water.
 - It is typical for marinas to provide owners liberal access to their boats on demand, but safety concerns typically prevent physical access by boat owners to above ground level berths and severely limit physical access to ground level berths.
 - It is typical for marinas to provide space for boat owners to wash or work on their boats in addition to dock space for launching and tying up when the boats are in use.
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Elements

For an activity to be an exempt rental of real estate, five elements must be present.

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**required for an
activity to be an
exempt rental
of real estate**

WAC 458-20-118(2).

- There must be a landlord/tenant relationship.
- The lessee must have exclusive use of the rented space.
- The rental period must be 30 days or longer.
- The lessee must have the exclusive right of continuous possession.
- The lessee must have dominion and control of the rented space.

The element of dominion and control is not present in the case of dry stack storage. The boat owner cannot have dominion and control over the specified berth if the boat owner cannot physically access the specific berth.

Dry stack storage is not a rental of real estate. Dry stack storage is not exempt from the B&O tax.

**Business and
occupation tax
classification of
dry stack
storage**

Dry stack storage is subject to the B&O tax under the “warehousing” classification.

- Dry stack storage facilities are “storage warehouses” as defined in WAC 458-20-182.
- The operation of a dry stack storage facility is subject to the B&O tax under RCW 82.04.280 (currently 0.484% on gross receipts).

**Leasehold
excise tax**

As the operation of a dry stack storage facility is not a rental of real estate, the purchase of dry stack storage on publicly owned property is not subject to the leasehold excise tax.
